

**NOMINATIONS OF JAMES S. DWIGHT, JR.,
WILLIAM A. MORRILL, AND LEWIS M. HELM**

**HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
NINETY-THIRD CONGRESS**

FIRST SESSION

ON

**NOMINATIONS OF JAMES S. DWIGHT, JR., OF CALIFORNIA,
TO BE ADMINISTRATOR OF THE SOCIAL AND REHABILITATION
SERVICE; WILLIAM A. MORRILL, OF VIRGINIA, TO
BE AN ASSISTANT SECRETARY OF HEALTH, EDUCATION,
AND WELFARE FOR PLANNING AND EVALUATION; AND
LEWIS M. HELM, OF MARYLAND, TO BE AN ASSISTANT
SECRETARY OF HEALTH, EDUCATION, AND WELFARE FOR
PUBLIC AFFAIRS**

JUNE 6 and 12, 1973

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NOMINATIONS OF JAMES S. DWIGHT, JR., WILLIAM A. MORRILL, AND LEWIS M. HELM

WEDNESDAY, JUNE 6, 1973

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:30 a.m., in room 2221, Dirksen Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Ribicoff, Byrd, Jr., of Virginia, Mondale, Bentsen, Bennett, Curtis, Fannin, Hansen, Dole, Packwood, and Roth, Jr.

The CHAIRMAN. Mr. Dwight, I am personally pleased to see you here. I think you have a fine background and I think that the experience you have had in trying to see that the people who are deserving on welfare get more money and the people who don't deserve to be on the rolls at all join the labor force—and your experience in trying to get them into some sort of employment opportunity—is a good idea and I hope that you don't change your basic philosophy just because you joined a new set of associates down there, assuming you are confirmed.

Is there any statement you care to make to the committee?

NOMINATION OF JAMES S. DWIGHT, JR., TO BE ADMINISTRATOR OF THE SOCIAL AND REHABILITATION SERVICE

Mr. DWIGHT. No, Mr. Chairman, and Senators. I would just like to express my appreciation at having an opportunity to appear before you.

I have presented to the committee the personal financial statement, which I think shows clearly that I have no conflict of interest either now or potentially, and I have also communicated with you, Mr. Chairman, as to my desire to respond to the wishes of this committee or other committees as it relates to testimony. I would be very pleased to answer any questions any of you members might have in any regard.

The CHAIRMAN. I would like to ask one or two.

Over the past few years, as I am sure you are aware, some of the most encouraging signs have been made that a solution to the welfare system may be possible and this has come, of course, from innovative activities on the part of the States—including California where you have been one of those initiating some thoughtful suggestions—but in some cases these innovations have been instituted only after overcoming great resistance from the Department of Health, Education, and Welfare.

Now, what policy would you hope to follow with respect to States which want to try welfare variations?

Mr. DWIGHT. Well, Mr. Chairman, it is my understanding that experimentation is possible under waiver expressly approved by the Secretary, and I have discussed this matter with the Secretary and I think both of us are of a mind that it is an appropriate function of the Agency, which I hope to head, to work with States and cooperate with them and try to accommodate their desires for experimentation so that we can find newer and better and more innovative ways to sharpen up our welfare system.

The CHAIRMAN. In other words, if a State thinks something would be a good idea and would like to try it because they think that it might provide the answer and, if it looks like it has some potential, then, as I understand it, you would favor giving the State a chance to try it to see how it works?

Mr. DWIGHT. Very definitely.

The CHAIRMAN. Now, in 1967 we enacted a provision which required the States to have an effective program of determining paternity in obtaining child support for deserving FDC participants. During the years the Department of Health, Education, and Welfare have followed this, this administration can best be described as pathetic.

Until recently the Department could neither describe or evaluate the State programs you were supposed to effectuate. Now, what kinds of things do you think should be done to turn this thing around so that fathers who abandon their children may be made to support them?

Mr. DWIGHT. I support the proposition the Department should be more aggressive in this area, Senator, specifically what that would involve at this point in time I am not sure, but apparently, as nearly as I have been able to determine, the most effective way is to get the district attorney or a local law enforcement official get involved in this area and in that way some progress is made.

That is the experience in California, and apparently elsewhere so it seems to me that providing statutory or better incentives to make this possible would be very productive as an avenue for us to explore.

The CHAIRMAN. Any questions?

Senator BENNETT. I have just one question. You will discover as you work down there that I am very interested in the PSRO program that was written into H.R. 1.

Are you familiar with the program?

Mr. DWIGHT. In a very general way, Senator.

Senator BENNETT. I have the feeling that the administrators of the medicaid program have not been too interested in this program thus far. Are you willing to consider this to be one of your priority responsibilities, as you take over this new activity?

Mr. DWIGHT. Oh, yes, sir. I would say that that is implicit in the job at the present time, and the PSRO's provide a very substantial for better management of both the medicaid and medicare programs, and should be viewed accordingly by anybody administering either one of those programs.

Senator BENNETT. I am very heartened by the attitude of Dr. Bower, who is heading it, and I hope he will have your complete support.

Mr. DWIGHT. Yes.

Senator BENNETT. And particularly in applying it to medicaid as well as medicare.

Mr. DWIGHT. Yes.

Senator BENNETT. Thank you.

The CHAIRMAN. Senator Ribicoff.

Senator RIBICOFF. Mr. Dwight, one of the bright spots of HEW over the years was in the field of vocational rehabilitation under the grand lady who served under many Secretaries, Mary Switzer. Tremendous strides have been made in rehabilitating someone who is crippled and infirm. One of the objectives of rehabilitating a person is that when you have a person rehabilitated, he is able to get a job and end his dependence on welfare. And every statistic indicates that the taxpayer is the beneficiary when people get off welfare and get back their self-respect by becoming employed.

Now, during the last few years there has been a decline or lack of interest, it seems to me, in HEW toward the whole field of vocational rehabilitation, which to my knowledge had never been a political football and had always been enthusiastically received by Governors, whether they were liberal Governors or whether they were conservative Governors. Now, what do you feel about the whole field of vocational rehabilitation?

Mr. DWIGHT. Senator, I basically subscribe to your underlying hypothesis that the vocational rehabilitation is a very worthwhile and very well-proven program participated in by the Government. The results are objectively definable. They are, as you put it, readily accepted by any philosophical point of view that I am aware of and I have heard the same concerns expressed that you express, that is, for reasons which I am not completely able to zero in on, the program has not gotten as much attention from the Administrator of SRS that it should if you view it as a successful, well-proven program.

And it would be my intention to give the program a great deal more personal attention than it apparently has heretofore been given.

Senator RIBICOFF. I see the man who follows you is William A. Morrill, for Planning and Evaluation. I personally have no objection to you or any of the other two men on this list, but I do think it is important for you and Mr. Morrill, once you are confirmed, to evaluate vocational rehabilitation, and I would like both of you to give the chairman a report on what the progress has been made in the whole field of vocational rehabilitation and what you people intend to do in the future toward it. I can only speak about my own State of Connecticut because that is where the problem comes to my attention, but it seems that the whole morale of the people in that field is at a new low because they feel that there is no cooperation.

These are about as dedicated a group of men and women as I have ever seen. I just say in the State of Connecticut I have seen this, and I recall when I was Secretary working in this field with administrators from all States—again, Republicans and Democrats and Conservatives and Liberals—they all looked at it as one of the bright spots of every social program. I have never known anyone who was really against this program.

There is a great difference when it comes to various phases of welfare, but I think there is almost unanimity that vocational rehabilitation is a very worthwhile program and shouldn't be allowed to wither and die.

Mr. DWIGHT. I can give you every assurance that it would certainly not be on my agenda to have it wither and die, but rather to have it flourish and be nurtured.

The CHAIRMAN. Any more questions, gentlemen?

Senator CURTIS. I have no questions.

Senator FANNIN. Yes.

The CHAIRMAN. Mr. Fannin?

Senator FANNIN. I have one question.

First of all, I would like to commend Mr. Dwight for the excellent public service in which he has been involved. I have been very impressed. I am very well satisfied with your philosophy that you have expressed, but several months ago the Department of Health, Education, and Welfare issued a proposed regulation, which is a monument to the inability of a bureaucracy to come to grips with an issue. In brief this proposed regulation said that States would or would not be allowed to make strikers ineligible for welfare. That is as indefinite as you could be.

What is your position on this position? Should strikers be eligible for federally managed welfare payments?

Mr. DWIGHT. My general view is that I would be on the negative side of that issue from the point of view that Federal policies should not enter into what happens at the collective bargaining table. However, I suspect the legalities of the issue will ultimately boil down to the point of the UI program, that is, the AFDC—unemployed fathers program, and the implications of that program, as it relates to general eligibility as opposed to just taking a particular group of people, and part of the issue will hang on whether a person on strike is voluntarily unemployed or whether he is not.

At least, that is the impression that I had in terms of looking over the fence and trying to figure out what is going on in the issue.

Senator FANNIN. Generally speaking, your feeling is that it should not be an issue that would pertain to the bargaining involved?

Mr. DWIGHT. Right.

Senator FANNIN. Thank you.

The CHAIRMAN. Senator Mondale.

Senator MONDALE. As you know, this committee and many others for some time have been involved in the proposed new regulations promulgated by the Department to govern the so-called social services program. And newspaper reports state you were involved in the development of these revised regulations by the Office of Management and the Budget.

It is my personal view that in many ways these proposed regulations violate the law. Congress in establishing a \$2½ billion ceiling, I believe, was under the impression that that ceiling was necessary because there were open-ended regulations. We intended that once the ceiling was adopted, States would largely continue to be free to pursue their own version of what way to best serve people in their communities. These new regulations in many respects I think violate that understanding.

In substance, these regulations impose Federal judgment over local judgment in many respects. In my State of Minnesota some of the best programs we have would be wiped out by these regulations—for example, drug and alcohol abuse problems, education programs, programs for the retarded, day care programs. Programs clearly within the stated intent of the Congress were eliminated. And I would like to know what your role was in the development of these regulations and, if you were involved, what legal basis you saw for what you did?

Mr. DWIGHT. My involvement, Senator, has been one of watching the process and interacting with the Secretary in order to make him aware of some of my own concerns about some of the problems implicit in the regulations and I wouldn't take credit for the changes, but I would say that I was supportive of the changes that were made in those regulations as between their initial issuance as proposed rule making and the final version which were published about 3 or 4 weeks ago.

In terms of the legality of the situation, I didn't get that deep into it. I have looked back to try to get a flavor for what the intent of the Congress has been in the development of what we call social services and, based on what I have read and been able to glean from the Congressional Record and so forth, it seems to me to be clear that the Congress intended these services to be provided to persons on welfare or near the welfare level as a basic for their reaching either self-sufficiency or self-support, and that is generally an attitude which I subscribe to.

If I am in error, then I am ready to be corrected. I don't presume to have the program expertise and experience that would allow me to unequivocally state that is my conclusion.

I do like to move in on things slowly, and I know that nobody can come an instant expert, so I don't stand before you today as an expert and I am very acutely aware of the sensitivity of the issue. I followed most of the testimony that was supplied to the committee both by the Secretary and other interested parties, and I am very acutely aware that this is a very sensitive issue.

Senator MONDALE. Well, I don't intend to argue with you. But I think it was clearly the intent of the social services law to establish a program which made it possible for people to stay off welfare or, if they were on welfare, to get off of it—to put the people back on the work rolls instead of the welfare rolls.

It seems to me these new regulations are just the reverse. In order to get services, you have to get on welfare. You have made some changes, but it is still the case that in many cases you are better off, if you are working, to stop working.

The CHAIRMAN. Could I interrupt?

I am satisfied that we are going to legislate with regard to these regulations. Now, assuming you are confirmed, could we visit with you before we act on this and reach an understanding as to just exactly what this legislation means with the understanding that if we then proceed to enact legislation, you are going to administer it the way we intended? Because I think that is what is going to take place anyway. I think the Secretary insofar as we think he is in violation of the law, is probably going to stand firm and say no, he doesn't think so, or at least to so decree anyway, but if we could have the assurance that, all right, this is what we mean by the legislation and if this passes and the President signs it, that here is how it is going to be administered, I think that would resolve it. Frankly, I am thinking about putting some of that on the debt limit bill as something he will have to sign.

If that should be the judgment of this committee and the Senate, then I think if we can understand that, we can reach an understanding with you that this is what it will mean when it becomes law and, if you respect that I believe we could do business with you.

Mr. DWIGHT. Mr. Chairman, I would seek that kind of relationship with the committee. I believe in not only the letter but the spirit of the law, and I think that maybe is what you are getting at. By all means, I would follow that and I assume the Secretary would make the same comment to you if you proposed the question to him.

Senator MONDALE. Just two other observations. I won't ask you to respond. I am very interested in two of the programs that I think you will be administering. One is the child protective services. We have held hearings which show tragic phenomenon of child abuse, with hundreds of thousands of children destroyed psychologically and physically. And my impression is that in most States this is going on. And I believe that in the way you regulate distribution of services, that under that child abuse section, you could require the State and local government to start focusing more clearly on this problem, than they have.

I would like you to perhaps send me a letter when you have had a chance to look at that, indicating how you view the problem and what you think should be done, and I would like that letter also to include your feelings about the "early screening" program under Medicaid.

This "early screening" program which has been in the law now I think for about 5 years, has largely been ignored. My personal opinion is that the best time to catch health problems—both physical and mental—is when children are very young. Many times with a little effort and minimal cost you can correct a problem but if you let it continue untreated for years and years it becomes a major, insoluble problem.

I would like to get your response, not now, but if you could just send a letter?

Mr. DWIGHT. I would be happy to, Senator.

On the first point, you are concerned about child abuse and this is something I have heard the Secretary comment on on several occasions in staff meetings and that sort of thing. On the issue of screening, we have the further power of the police power, if you will, the ability to withhold funds not on a catastrophic basis, and it relates to the grant and service program, if screening is not offered to those eligible for it. So I think we are entering into a new area where there are some tools other than the ultimate issue of conformity, which is not a very effective tool, I believe.

Senator MONDALE. No. I just want to suggest those two questions, and I would like the response in writing.*

The CHAIRMAN. Any further questions?

Senator PACKWOOD. I do.

The CHAIRMAN. Senator Hansen?

Senator HANSEN. No questions, Mr. Chairman.

The CHAIRMAN. Senator Packwood.

Senator PACKWOOD. You were in my office about a month ago, if I recall.

Mr. DWIGHT. Yes.

Senator PACKWOOD. I questioned you extensively about the child care and family planning social service regulations, but at the time you indicated you were relatively unfamiliar with those issues.

*See Mr. Dwight's response, p. 16.

Now, do I understand that you did have a substantial hand in the drafting and revision of these regulations or sit in at the meetings on this subject?

Would you explain a little more what your part was in formulating these regulations?

Mr. DWIGHT. Senator, I was trying to walk the fine line between a nominee and an administrator; as a consequence in all my actions since the nomination was announced by the President in March, I have watched and I have consulted on a personal basis with the Secretary and basically that has been my involvement on anything involving this.

Obviously, this has been a very large issue and, as a consequence, I have sat in on meetings where people come in and say, this is a problem, and that is a problem, and I have made my concerns as it relates to that kind of insight, known to the Secretary. And you are correct in the sense of family planning—when you raise that issue with me—that I am now more familiar with that issue than I was when I sat in your office that day with you.

I believe I have communicated that to the lady that was with you at that time and subsequently some of the questions that were asked—were made available to the committee and I understand that they were also made available personally to you as it relates to eligibility for family planning services for ladies who are in the childbearing age group.

Senator PACKWOOD. Can you relate to the committee what you plan to do about the 6-month cutoff in terms of family planning?

Mr. DWIGHT. Yes, the guidelines, which are in the process of being developed, will specifically state—because of the unique aspect of family planning as it relates to helping people escape the welfare spiral, if you will, and, in fact, the fact that often it is the first child which gets particularly single women trapped in this syndrome—and basically in those guidelines the eligibility criteria is that any female of childbearing age regardless of her marital circumstances and regardless of whether she does not have a family, will be eligible for services as long as she meets the income requirements.

Senator PACKWOOD. As long as she meets the income requirements?

Mr. DWIGHT. Right.

Senator PACKWOOD. Then she will not have to be a potential recipient 6 months or sooner?

Mr. DWIGHT. That is not a factor in determining the issue and that is my understanding from a technical point of view, and obviously I looked specifically to get an answer to your question so I have more insight in this area than I do in almost any others.

Senator PACKWOOD. Will she have to meet an assets test?

Mr. DWIGHT. Yes, it has been modified, as I understand it, in revisions to the regulations—this was just a part in the development of those original regulations—and the intent was that the assets test be a projection down the road as to where the person would be without services in the context of this 6-month potential situation, so it would be the same for family planning services as for any other services in that regard and—

Senator PACKWOOD. I'm not sure I understand the answer.

Mr. DWIGHT. Well, Senator, a person could come in for a service—whether it be family planning or any other service—and there are two thresholds which determine eligibility as a potential: one is the per-

son's income situation, second is what their asset situation would be 6 months down the road, absent any services.

So it is a subjective judgment that the person who makes the eligibility determination must make that determination in order to determine whether that person is or is not eligible for services.

Senator PACKWOOD. You responded earlier to the chairman's question but let me ask you again. You will very closely follow what the intent of this committee is in terms of the administration of these regulations, and to the extent of the power you have in redrafting or administering them, you will follow the intent of Congress as to emphasis?

Mr. DWIGHT. Very definitely.

Senator PACKWOOD. I have no other questions.

The CHAIRMAN. Senator Bentsen?

Senator BENTSEN. Just an observation, Mr. Chairman. Again, I won't ask Mr. Dwight to respond, but I would like to add my comment to the question asked by the chairman and Senator Mondale concerning the regulations.

I think it is counterproductive and I don't think it reaches the objective you or Senator Mondale stated of trying to help these people move off welfare. I talked to Secretary Weinberger concerning this, and I told him that these regulations discriminated against those States which had relatively low welfare payments as opposed to those which have high ones. He told me Texas had been realigned in this situation—if I remembered his words correctly.

Well, I think they have been realigned right out of business. And I very strongly oppose the regulations in the present form.

The CHAIRMAN. Senator Roth?

Senator ROTH. No, I have no questions.

The CHAIRMAN. Thank you very much.

We will excuse you.

Gentlemen, let me make this suggestion, that while we have this many Senators here, I would like us to make some decisions and, for example, if the committee is ready to vote on this nominee, I would entertain a motion now to vote on him. If you want to wait—

Senator PACKWOOD. I would like to wait. He mentioned mailing me something. I haven't seen it. My staff is right out in the hallway and she would have given it to me.

The CHAIRMAN. All right, then, we will wait.

If anyone has more than one or two questions to ask of these other two nominees, I would like to hold a hearing to ask those questions. I would like to use this executive to vote on some things because there are some other things to vote on this morning, which we can vote on in a hurry.

Senator BENNETT. Are there any questions of the other nominees?

Senator RIBICOFF. Just one question of Mr. Morrill.

The CHAIRMAN. Well, ask Mr. Morrill to come in here. We aren't going to vote on these nominees this morning because we had a request for further information of Mr. Dwight and I want to vote on all of them at the same time. So, if we are only going to ask him one question, that is all right with me but otherwise I want to get down to making some other decisions here.

Mr. Morrill, Senator Ribicoff wants to ask you just one question.

Senator RIBICOFF. Mr. Morrill, I believe you have a very important post. There is no question in my mind that many of the programs

that have been passed have outlived their usefulness. Some of the programs are good and some aren't.

Evaluation of programs are very important. They're very important for the executive, but they are also important for the legislative branch.

We had the welfare reform bill before us and, while there was great difference of opinion around this table, almost all of us agreed that we would like to have an evaluation of the 168 programs in the Federal Government relating to poverty. As of 1972 there was some \$81 billion being spent on poverty programs and it became very important to know which programs worked and which programs didn't work. The thought that some of us had in mind was that if some of the poverty programs were useless and were not taking people off poverty, doing away with them would free up not in the millions, but billions of dollars to be available. We submitted this request to both Secretary Finch and Secretary Richardson, but at no time—and the staff correct me if I'm wrong—did we ever get an evaluation in reverse order of their effectiveness from the Secretaries of HEW. Now, do you believe that it is important for Senators who deal with the problem to have evaluations of programs as well as the executive branch?

Mr. MORRILL. Yes, sir. I think that. I certainly do.

As I am learning something about this area to which I have been nominated, my impression is that evaluating what those programs are doing is not always an easy job, but it is clearly an important one and one that I will be spending considerable attention on both for the benefit of the Department and the Congress.

Senator RIBICOFF. Here is where these evaluations are important. The President will impound funds on many programs, or the President or the Secretary will recommend that certain programs be eliminated, and of course the Congress, in passing programs in the past, has to make judgments on this. They get into very heated debates.

If we had the evaluations—and frankly I think Congress ought to have its own evaluation but we don't, and I think this is one of the greats in Congress. But since you do have the staff and you do make evaluations on which judgments are made in the Office of Management and Budget and at the Secretary's level and at the White House, don't you believe that Congress should have copies of those evaluations and information?

Mr. MORRILL. Well, I think the Congress clearly should have the information on which the executive branch bases its judgment as to why it took a position on a particular program and, as we have an ongoing evaluation effort to the extent that that produces useful information, I think that that information should be available.

Senator RIBICOFF. I have no objection to the nominee, Mr. Chairman, but again it is similar to the problem you raised before, we are being asked to legislate on many important social programs and about programs involving untold billions of dollars and I do think we are entitled at the request of a member of the committee or at the chairman's request to information on evaluation of these programs, which the administration has and which we have asked the staff to procure, and which you make the request for as the chairman of this committee.

And I do think, Mr. Chairman, that the committee, and you as the chairman, are entitled to this information.

The CHAIRMAN. I agree with you and I think the nominee does.

Mr. MORRILL. Yes, sir.

The CHAIRMAN. But I would say again, Senator Ribicoff, that that is something that perhaps we'd better seek an understanding with the Secretary about because in the last analysis if the Secretary says his answer doesn't bind him, we will still have to have an understanding.

Senator RIBICOFF. Yes, I wanted to make the point, Mr. Morrill, and would hope when you talk next to the Secretary you would hope when you talk next to the Secretary you would tell him about the feeling of the committee or my feeling because it may not be the committee's feeling, but I don't think the committee would demur to this type of information that is helpful to all of us.

The CHAIRMAN. Would you see if you could get us a letter from the Secretary about that? If you could do that, that would be helpful.

Mr. MORRILL. All right, sir.

Senator HANSEN. Could I make an observation? I do this in the spirit of helpfulness because I think there is a great merit in what Senator Ribicoff says.

I would hope we could keep in mind, though, that in responding to this sort of request that it would be easy to take the response out of context and to make an improper use of it. I think it is certainly very much in order that this committee and members of the committee have honest evaluations of the relative effectiveness of different programs, but if we have, say, 168 different programs and you were to put down a notation about the seeming efficacy of each of them to achieve certain identifiable social goals, then I can see where someone could get into all kinds of difficulties in being told or having reported this to him.

I imagine each of these programs came about legislatively or at least most of them did, and if I have put one in that is dear to my heart and Senator Ribicoff comes in to me and says, this program is number 159 on the list, why I don't think I would feel as kindly to you as I might otherwise do. I would hope you would be judicious in the use of this and I am sure that is what you intend—

Senator RIBICOFF. The point is that we are acting in a vacuum. I am supposed to be a liberal on this committee and I was the one to recognize that many of these 168 programs were ineffective and had outlived their usefulness. What I am saying is, if a program has outlived its usefulness and we are spending \$500 million a year and it is just providing some bureaucratic jobs but not a single person is taken out of poverty, then we are preventing the use of \$500 million either to reduce taxes, stop the increase in taxes, or it being used for programs that would be effective.

If we are legislating responsibility, we should have that information. If we don't have it, which we should have independently, we should be entitled to that information from the Bureau of the Budget and HEW, which have made evaluations. This money didn't come out of the blue. It is money that we have appropriated for the Department that enables the staff to make the evaluations, and we ought to know whether a program we're voting on is any good or is useless.

Mr. Chairman, I think we recognize that this committee authorizes programs that are fantastically expensive. We have the responsibility—if we spend more money than we take in—we have the responsibility to raise the taxes too in this committee. We ought to know if we are voting on useless programs or not.

Maybe you don't have to put it in order. That doesn't mean that much to me. I think we were trying, though, to make a point at that time that we wanted welfare reform and we wanted to know if this expensive program was on the top of the useless programs and by eliminating it could we be in a position of saving a lot of money.

I think there was general sympathy, no matter how we felt about welfare, we would like to know what poverty programs were working and what were not.

The CHAIRMAN. I think both sides are clear on that. Perhaps we should see if we can get a statement from the Secretary indicating the departmental position on that.

[The following was subsequently supplied for the record:]

JUNE 11, 1978.

Hon. RUSSELL LONG,
Chairman, Senate Finance Committee,
U.S. Senate

DEAR SENATOR LONG: During the confirmation hearings of Lewis Helm, James Dwight and William Morrill, your committee asked Mr. Morrill if the Department would make final evaluation study reports available to the Congress.

As you may know, I regard evaluation as a high priority activity in support of policy development, decision making, and sound operation of Departmental programs. I believe that evaluation information is not only necessary for the internal deliberations of HEW, but it should also be available to the Congress so as to ensure fully informed debate of pertinent issues of concern to us all.

Accordingly, we want to continue to make results of evaluation studies available to the Congress. Our policy is that final contractual evaluation studies are available within 10 days of request. In addition, we provide evaluative information, as available, to the appropriate committee as part of our comprehensive submissions when we propose new programs or changes in existing programs.

I hope this responds to your concerns, and that the information provided the Congress will lead to greater knowledge for deliberations concerning HEW activities.

With best regards.

Sincerely,

FRANK C. CARLUCCI,
Acting Secretary.

The CHAIRMAN. Any further questions?

Senator MONDALE. I have one.

Mr. Morrill, what was your employment before you came to the Federal Government?

Mr. MORRILL. I had been working for the Federal Government with some interruption for quite a long period of time, Senator. I was a graduate student before I first came to work with the Government—

Senator MONDALE. What was your major?

Mr. MORRILL. I had a master's degree in public administration from the Syracuse University.

Senator MONDALE. You have been with the Federal Government principally since then?

Mr. MORRILL. Primarily with the exception of the year that I spent as a county official in local government.

Senator MONDALE. And when did you start with the Federal Government?

Mr. MORRILL. In 1953.

Senator MONDALE. And what department were you with?

Mr. MORRILL. The Department of the Air Force.

Senator MONDALE. I see. I see you were with the Air Force from 1953 to 1962?

Mr. MORRILL. Yes, sir.

Senator MONDALE. And then what did you do from 1962?

Mr. MORRILL. Then I was employed by the then Bureau of the Budget from 1962 to 1971.

Senator MONDALE. And what was your area of responsibility there?

Mr. MORRILL. I was working for the first 3 years on atomic energy programs, and following that, on the national security defense program area.

Senator MONDALE. Then in 1972 you went with OMB?

Mr. MORRILL. Interviewing was the assignment job I had in local government, Fairfax County.

Senator MONDALE. Have you ever been a participant or director of health, welfare, education, poverty or social security or HEW programs?

Mr. MORRILL. I was in my prior, or early part of my Federal employment obviously concerned at that time with the defense area. I had been involved in community activities during that period including serving on a sub-State regional planning commission within Virginia.

Senator MONDALE. Had you been personally involved in any programs, though, in these categories?

Mr. MORRILL. In that assignment and subsequently in my assignment in the county of Fairfax, I was involved at that point in time with health programs, with mental health, with housing programs and so on.

Senator MONDALE. What did you do?

Mr. MORRILL. Well, speaking to my county job, as deputy county executive, my particular responsibility was to make an effort to coordinate the activities in the community not only by the county government but by the State and other agencies in mental health, in the law enforcement area and so forth.

Senator MONDALE. Well, I don't want to hold up the committee, but you don't seem to have a whole lot of experience in these areas. In light of your limited background, I would counsel you to become enlightened in these areas and to evaluate what your assistants and counsel offer, and to rely on them. These programs are enormously complicated—and I don't think, to be quite frank, that I don't think your background especially equips you to evaluate education or welfare or employment or anything else.

That doesn't mean you shouldn't bring in some new faces with you, but I think you ought to be very careful in trying to draw on the experience of help who have experience.

The CHAIRMAN. I would like to have you inform Mr. Helm that the committee wants to turn to other matters, and we will hold a hearing as soon as possible to hear from him.

[Whereupon, at 11:30 a.m., the hearing was concluded and the committee proceeded to other business.]

NOMINATIONS OF JAMES S. DWIGHT, JR., WILLIAM A. MORRILL, AND LEWIS M. HELM

TUESDAY, JUNE 12, 1973

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 9:05 a.m., in room 2221, Dirksen Senate Office Building, Senator Russell B. Long (chairman), presiding.

Present: Senators Long, Mondale, Bennett, Curtis, Fannin, Hansen and Packwood.

Senator MONDALE. The committee will come to order.

Our first witness is the nominee for Administrator of the Social and Rehabilitation Service, Mr. James S. Dwight, Jr. We will print your biographical sketch at this point and would you please come forward, Mr. Dwight?

[The biographical sketch of Mr. Dwight follows:]

BIOGRAPHICAL SKETCH OF JAMES S. DWIGHT, JR.

Mr. Dwight joined Federal service in August 1972 as Associate Director of the Office of Management and Budget in the Executive Office of the President. In this capacity, he has been responsible for directing OMB's management activities. These include a range of functions related to organizational and management systems, executive development and labor relations, and coordination of programs.

Prior to joining the Federal service, Mr. Dwight served the State of California as Chief Deputy Director of Finance—in effect, the chief operating officer of the department. In 1967, he joined the State as Deputy Director of Finance. While with the State, he also served on the Boards of the Public Employees Retirement System and the State Teachers Retirement System, and on the steering committee which developed for Public Instruction Superintendent Wilson Riles his proposal for equalized educational opportunity in the State.

In 1955, Mr. Dwight was employed by Haskins and Sells, Certified Public Accountants, where he worked until 1959, when he joined Sunkist Growers, Inc. He was associated with this company for seven years, serving as Controller. He left in December 1966 to join Governor Reagan's State Administration.

Born March 9, 1934, in Pasadena, California, Mr. Dwight received his early education in South Pasadena and San Marino public schools. He attended Pomona College for two years, majoring in physics, and in 1956, received a B.S. degree in Accounting from the University of Southern California. At this time, he was already working with Haskins and Sells. He is a Certified Public Accountant.

Mr. Dwight has been active in community service and civic affairs. He served as Vice President of the Los Angeles Junior Chamber of Commerce, and was Director of the Red Shield Youth Service.

He is married to the former Elsa Hardy; they have three daughters and one son.

NOMINATION OF JAMES S. DWIGHT, JR., TO BE ADMINISTRATOR OF THE SOCIAL AND REHABILITATION SERVICE

Mr. DWIGHT. May I be seated here, Mr. Chairman?

Senator MONDALE. Yes, please.

Mr. Dwight, are you prepared today to tell us how you view the problem of child abuse and what to do about it? What is being done and what do you feel should be done by your department if you are confirmed?

Mr. DWIGHT. Yes, sir. You posed that question to me at an earlier session and subsequent to that time, Mr. Thomas, who is the Acting Assistant Secretary for—

Senator MONDALE. Mr. Thomas?

Mr. DWIGHT. Yes. He has spoken to the issue publicly in terms of the initiatives that he intends to take on the issue. These go predominately to the matter of education and particularly to those persons in our society who might be in a position to observe a situation of child abuse early in the development of the problem.

I am also aware of the social rehabilitative services. There does exist title IV(B) which is in the area of Child Welfare Services. In that context it would be my intent to review the plans of the various States for the use of that money and to determine whether they could contain a position for the identification of child abuse.

The dilemma in my view is mostly one of resources; the capabilities that exist to detect situations of child abuse exist at the local governmental level where there is a one-on-one relationship. The public is exposed to various facets of government whether it be the educational system or other elements of local government. The key thing is to provide such persons with sufficient insight so that they can become aware of it and to take preventive steps.

In my view—and by no means, am I an expert in the area—the problem is mental as far as the parents are concerned. I would be equally concerned about unnecessarily depriving a child of parental supervision. I am very firmly convinced that one of the key things of which we must be very careful is that we do not deny the child the protection and other ingredients of family life, which should exist.

Therefore, we have to walk the fine line. We must protect the child. At the same time we should not take the child out of the home environment unnecessarily. Therefore, the solution of the problem seems to be the correction of whatever the mental problem is that causes the parent to abuse the child. Obviously we are all interested in preventing those abuses.

Senator MONDALE. Now, the Thomas announcement to which you referred does not include any program money at all?

Mr. DWIGHT. I read it briefly last night. My recollection is there were several million dollars for the educational aspect.

Senator MONDALE. There are?

Mr. DWIGHT. Right.

Senator MONDALE. Several million?

What speech is that? Maybe that is a different one than the one I am aware of.

Mr. DWIGHT. I just happen to have it with me. Four million dollars for new activities focused on child abuse in the fiscal year 1974, Senator.

Senator MONDALE. Now, that, as I understand it, it is for education?

Mr. DWIGHT. That was my understanding.

Senator MONDALE. And to look into what is happening at the State level?

Mr. DWIGHT. Right.

Senator MONDALE. There is, in effect, no program money to implement programs as I understand it?

Mr. DWIGHT. Well, my—

Senator MONDALE. Where does that \$4 million come from?

Mr. DWIGHT. It would come out of funds requested for the Office of Child Development itself. That is my understanding.

Senator MONDALE. Well does it come from money that is there now or does it come out of other programs?

Mr. DWIGHT. I am not familiar with the programs, or the funding of the Office of Child Development other than the Head Start program.

I know there are other programs in the Office of Child Development.

Senator MONDALE. Do you see title IV(B) of the Social Security Act which is under your jurisdiction, as being an appropriate channel for efforts?

Mr. DWIGHT. Yes.

Senator MONDALE. To curb child abuse?

Mr. DWIGHT. Yes.

Senator MONDALE. How much is being spent now in IV(B) for this effort?

Mr. DWIGHT. Somewhere in—you mean in the aggregate, or in this particular area?

Senator MONDALE. IV(B), child abuse.

Mr. DWIGHT. IV(B) is in the order of \$50 million if memory serves me correctly. But the amount that is in child abuse I wouldn't have any way of knowing.

Senator MONDALE. You have no way of knowing?

Mr. DWIGHT. It is a formula of the allocation program to the various States on a very broad-brush basis. I assume we would have to examine the various State plans to determine how the States were using the money.

Senator MONDALE. Is that being done?

Mr. DWIGHT. As far as I know it is not presently being done. It would be my intention to do it.

Senator MONDALE. Would you consider trying to make child abuse a priority project in your administration?

Mr. DWIGHT. Yes.

Senator MONDALE. I asked for a letter from you to indicate how you would propose to proceed and I would like to receive that.

Mr. DWIGHT. Do you want it from me prior to the time I am able to do something about it?

Senator MONDALE. Yes, I would like to know what your plans are.

Mr. DWIGHT. Well, I basically outlined them, but I would be very glad to put that in a letter.

Senator MONDALE. In all fairness, you just gave us general thoughts on the way to work this morning. I don't intend to crowd you because you are just a new nominee, but I would like to have your plans for dealing with the problem of child abuse.

Mr. DWIGHT. Well, I am in a precarious position, Senator, in the sense if I am going to develop plans, it seems reasonable to use the resources of the Agency in order to develop those plans.

I would be glad to give you my own personal thoughts, which you might view as being somewhat superficial, and to indicate to you that I would intend to pursue this if confirmed.

[The following letter was subsequently received from Mr. Dwight:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
Washington, D.C., June 12, 1973.

Hon. WALTER F. MONDALE,
United States Senate,
443 Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: Today you requested that I express my personal views on the subject of child abuse and early periodic screening, diagnosis and treatment.

In the committee hearing I referred to public statements made recently by Stanley Thomas, Acting Assistant Secretary for Human Resources. That public statement is attached. I believe that I can best respond directly to your interest in this subject in the context of Title IV, Part B—Child Welfare Services. At the present time, \$16 million is being expended for these services which would most appropriately include the area of child abuse. I have suggested that it would be appropriate to ascertain the efforts presently underway for the prevention of child abuse through the use of Title IV-B funds. This can most readily be determined through a review of State plans now on file.

If confirmed as Administrator, it will be my intent to pursue this question. Further, to the extent that we find through examination of State plans that prevention of child abuse is not being dealt with, I would pursue this avenue. Coordination with the educational activities set forth by Mr. Thomas would be essential in proceeding. However, my own conviction is that child abuse is a condition of mental instability through which proper identification and treatment can be mitigated. The substantial benefit here is that the child is not denied the opportunity of continued living in the natural family environment. Further, I would seek to identify ways in which resources could be utilized and directed with the objective in mind of providing better assurances that all children are provided the best chance of growing up with the natural family unit free of the threat of abuse.

Your second question related to early periodic screening, diagnosis and treatment. This is now a basic, required service under Medicaid, added by statute in 1967, effective in July 1969. Department regulations came out November 1971, effective February 1972. Guidelines for implementation were issued in late June 1972, eleven months ago. The guidelines have provided the framework for implementation and were developed over a period of several months with considerable professional input. In 1972 Congress added a 1% penalty provision for those States that fail to implement the program by July 1, 1974.

Under the current regulations, States are required to make the EPSDT services available to eligible individuals up to age 21. During the first year of implementation, States have had the option of making the service available only to children up to age 6. Approximately half the States, however, indicated early that they would attempt to make the service available to all eligible children from the beginning. The potential population estimated to be served by the program is 9 million individuals.

Progress in implementation has been continuous. This is demonstrated in the following:

Date of regional report:	Number of States implementing
February 1972-----	5
September 1972-----	28
January 1973-----	82
March 1973-----	44

According to the regional reports, all but four States are expected to have initiated implementation by June 30, though the following information will indicate the range of progress in the States.

Twenty-seven States are now offering the service statewide. Six to ten more States should be statewide by July 1, 1973.

Twenty-six States cover children up to age 21 now; 876,000 children have been screened, though there is heavy concentration of screening in a limited number of States. (80) States reporting. No data on diagnosis and treatment.)

Compliance issues formally reported on the regional compliance reports declined from 80 to 50 issues (87% decline from previous report.)

The American Academy of Pediatrics, the standard-setting organization for child health care, has supported the implementation of the program, and is now developing technical guidelines for the States. Similar support has been expressed by the American Society of Dentistry for Children, the American Dental Association and the A.M.A. In addition to Title XIX funds, HSMHA is awarding a contract to develop technical assistance materials for EPSDT, OCD is prepared to commit funds to assist in implementation and NIMH is providing technical assistance with staff and funds.

Now that we are about to pass our previously required implementation date of June 30, 1973, it is appropriate to apply further pressure for compliance with the law through the adoption of regulations to activate the penalty provisions applicable to those States who are not operative by June 30, 1974. Continued emphasis in the next twelve months should assure full implementation. Particular emphasis will be on those thirteen to seventeen States which now appear to be deficient in full implementation by June 30, 1973.

I hope these comments, which represent my own personal convictions in the areas of your questions, are responsive to your questions and, after confirmation, I will look forward to working with you and other members of the Senate Finance Committee in the discharge of my responsibilities.

Yours very truly,

JAMES S. DWIGHT, JR.,
Administrator Designate.

Senator MONDALE. Now, I also brought up the other day the question of early screening, diagnosis, and treatment for children?

Mr. DWIGHT. Yes.

Senator MONDALE. As you know, those regulations are supposed to go into effect so that they are serving all children by July 1 of 1973 and on July 1 of 1975 a penalty goes into effect for States which have not then implemented the screening program.

As you know, that particular requirement I think was adopted in 1968 and for some 4 years it wasn't implemented.

Mr. DWIGHT. Right.

Senator MONDALE. And finally it was decided that HEW would implement the law and I asked you to give your views on how you would administer what I would regard to be a very critical program—

Mr. DWIGHT. Would you like me to address myself to that now?

Senator MONDALE. Please.

Mr. DWIGHT. The law, as I understand it, was adopted in 1967 to be effective in 1969. Basically, the requirement was that the services of early periodic screening, diagnosis, and treatment were to be available to all eligibles under title XIX. The progress in that was unfortunately very slow.

The adoption of the regulations and the guidelines to implement that requirement were, well, they took an inordinate amount of time to develop. However, the indications in the last 6 months to a year have been most encouraging in the sense the requirement that these services be available by June 30, 1973, which is 10 days down the road, will be met by approximately three-fourths of the States.

Senator MONDALE. Did you say will?

Mr. DWIGHT. Yes. Further, the Congress provided Health, Education, and Welfare with an enforcement device. The 1 percent penalty will be implemented for those States who do not meet the requirement by June 30, 1974, which is 1 year down the road.

And therefore, it seems most appropriate that we use this enforcement device as a means of persuading those remaining States, which number 15 or thereabouts, to implement the program by that time.

So, HEW has made considerable progress. We are not there yet, but I think with the tools that the Congress has provided, that there is every expectation that we will certainly be there very shortly.

Senator MONDALE. Can you assure us that you will seek to implement this early screening program for the full eligible population pursuant to the law?

Mr. DWIGHT. Yes, sir. In fact, another high priority I would have, if confirmed, would be to very quickly institute regulations, pointing out to the States the penalty provisions provided by law and working specifically with the States who have not, as of yet, implemented the law as it presently exists.

Admittedly, the law that is currently in effect has no mechanism for enforcement. However, I would point out that under the present law, considerable progress has been made with most of the States in the implementation of the early periodic screening, diagnosis, and treatment as required by law.

Senator MONDALE. As you know, there is a lot of evidence that one of the best things we can do is identify health problems early in life, when children are young. Often we can move swiftly then to care for them at minimum expense and deal with those problems once and for all.

That is the whole idea behind the screening program. I regret it has been so slow in getting started, but we are now at the crunch stage, and with your assurance that you intend to strongly enforce that provision, I am most encouraged.

The CHAIRMAN. Senator Curtis?

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Dwight, Senator Bellmon of Oklahoma has written out some questions that are quite lengthy and very much in detail. Senator Bellmon is eminently qualified in the field of welfare and social services and the like because of his extensive experience as Governor of Oklahoma. I would like, at Senator Bellmon's request to submit these questions to you and then you could answer them for the record.

Would that be satisfactory?

Mr. DWIGHT. I would be happy to give it my best effort.

[Senator Bellmon's questions and the replies of Mr. Dwight, follow:]

Question (1). Under your administration, what will happen to Social and Rehabilitation Services?

Answer. As Administrator of Social and Rehabilitation Service, it is my expectation to continue the responsibility for management of the cash assistance programs, the social service programs, the medical service program, the vocational rehabilitation program and the developmental disability programs. Just prior to my nomination by President Nixon, Secretary Weinberger announced that the Commission on Aging and the Youth Development and Delinquency Prevention Administration would be transferred to the newly created Assistant Secretary for Human Development.

I am sure there will be recommendations coming forth on the development of a Department of Human Resources. This concept was first presented by President Nixon in 1971 and, of course, any actions taken by the Congress to implement these recommendations would have a major impact on the organizational structure for Federal management of programs which now constitute SRS.

Question (2). How much money being appropriated by Congress for the Department of Health, Education, and Welfare is being paid to private contractors, through grant awards, etc., to make studies of the programs?

A. What results are being obtained from these contractors?

B. What use is made of the findings as reported by the contractors?

C. Why could not the Regional Office staff of the Department of Health, Education, and Welfare make such studies?

D. When these private contractors go in a State to make a study and the majority of the work is done by the State departments, i.e., filling out questionnaires, briefing the contractor, etc., is any additional compensation provided the State for the time it must spend with the contractors, and is any allowance made for the State when it falls behind with its regular work because of time spent doing the work of the contractors?

E. One of the announced purposes of using these private contractors is to provide technical assistance to the State. Since the States must brief the contractors on the programs, Federal and State laws, rules, regulations and interpretations, how can the contractor provide technical assistance?

Answer. In Fiscal Years 1971, 1972 and 1973, \$8,985,000 was awarded to contractors to perform studies and make recommendations to SRS to improve the State and local management of public assistance, Medicaid and social services programs. Some of these efforts required that the contractor provide technical assistance to State public assistance, Medicaid and/or social services agencies in such areas as management information systems, financial management systems and quality control systems where private enterprise expertise exists. Contractor, Federal and State personnel have also engaged in a coordinated effort to improve the overall management of these Federal/State programs to better ensure that persons entitled to benefits receive the right amount on time and that over, under and erroneous payments are reduced.

The results so far have assisted SRS in its objective of achieving better management control over Federal matching funds appropriated for these programs. The effort is not yet complete, and additional progress is expected. SRS Regional Office staff was not sufficient to perform the needed studies and give all the required assistance.

The work required under these SRS initiated studies and technical assistance projects is performed by contractor and SRS staffs. State agencies naturally input data and since the ultimate objective is to save State and local, as well as Federal, funds by initiating better management techniques, the State agencies will also be beneficiaries of these efforts. Contractor staffs are familiar with the Federal/State programs involved and the laws, regulations and rules applicable thereto. Necessary briefing of contractor staff is an SRS responsibility and is carried out within the teamwork concept previously mentioned.

Question (3). What is the purpose of the fiscal sanctions being imposed on States operating the public assistance programs?

A. Are these being made for audit purposes?

B. Are the sanctions being applied as a tool of management?

Answer. The primary purpose of the fiscal disallowance aspect of the revised Quality Control regulation is to provide greater incentive than has heretofore existed in the Quality Control system for States to improve the management of the income maintenance program and reduce the incidence of error. Quality Control is essentially a management tool for identifying problem areas, analyzing data related to the cause of the problem and taking the necessary corrective action.

In the intervening years since QC was first required of States back in 1964, the effective implementation of this system and its use as a viable management tool left much to be desired. Error rates were generated by States and, for the most part, this is where State QC systems stopped. Corrective action for program improvement was not effectively integrated into the system.

As late as this past year, we had some 19 States that were completing less than the required sample size, thus making the sample findings questionable. The initial phase of compliance action was initiated in 8 States.

The problem, therefore, was one of providing sufficient incentive for State agencies to effectively implement the QC system. Since, by law, the Federal agency is authorized to match State expenditures for eligible cases (not monies expended on ineligible cases), we believe that applying this provision of the law to the State Quality Control system will provide the necessary incentive for States to reduce errors, ensure the propriety of expenditure and generally manage the program more effectively.

O. Is any consideration being given to the fact that many of the States have high percentages of ineligible cases because the States followed the mandates of Health, Education, and Welfare to use the "declaration method" and forbid the States to make any investigation of the statements on the declaration form, if the applicant did not give express permission?

Answer. The answer to this question is "yes", but before elaborating on my answer, I think I should clarify the question. First, the so-called "declaration method" was never mandated by the Federal agency in the Aid to Families with Dependent Children (AFDC) Program. It was mandated in the adult programs only (Aged, Blind and Disabled). This use of the declaration method in AFDC was entirely optional with the States. It is in the AFDC program that the QC disallowance policy is applicable, not the adult program (except in Guam, Puerto Rico and Virgin Islands). Any implication that the high error rates in AFDC were the result of the Federal agency mandating the declaration method in this program is untrue.

With respect to investigating information supplied by the applicant or recipient on the declaration form, Federal requirements stipulated that any information incomplete, unclear, inconsistent or anything that would appear to be questionable to a "prudent person" was to be investigated. The applicant or recipient was to be advised of the nature of the inquiry and their permission secured to contact these references. However, if the individual refused to give consent, the case would be closed as the agency would be unable to establish eligibility. For the most part, banks, medical sources, etc., will not release information without a signed release by the individual. The problem found by the Federal agency was that some States were not reviewing these forms adequately; thus, the form verged on being a self-certification document which was never intended by the Federal agency. No system has been less understood or more maligned than the declaration method.

Notwithstanding these considerations, on April 20, 1973, we published in the Federal Register notice of proposed rule making to rescind or modify a number of Federal policies which the States contend impede their ability to assure the validity of the caseload. Among these changes were the rescinding of the declaration method as well as permitting States to make collateral contacts without obtaining the recipient's consent.

D. As the Administrator of Social and Rehabilitation Service, do you plan to set any tolerance level on which a State may reach, insofar as ineligible or questionable cases are concerned, before the sanctions are applied?

(1) If so, what is this percentage?

(2) If not, what is the rationale for not allowing for human error?

(3) Where the recipient is responsible for the error, do you intend to penalize the State?

Answer. The current regulations provide for three different tolerances over three successive six-month periods tailored to the States individual performances established in the April-September 1973 base period. For example, if a State should show a 12% ineligibility rate in the base period, they would have to reduce this error rate to 3% in 18 months at a $\frac{1}{3}$ decrease each six-month period, i.e., 9%, 6%, 3%. Therefore, for the first six-month period 9% becomes, in effect, a tolerance for that State; in the second six-month period, 6% becomes the tolerance; in the third six-month period, 3% becomes the tolerance. Improper expenditures above these tolerances would be subject to Federal disallowances. The base tolerance of 3% on ineligibility and 5% on overpayments exists until July 1975 at which time the issue of tolerances will be reexamined.

The tolerances provided include errors of any type, i.e. both agency, client and a combination of both.

E. If sanctions are to be applied on the basis of quality control findings, is it fair to use the limited number of quality control cases as the basis to apply sanctions against the total caseload?

Answer. The existing Quality Control sample is designed around the 8% "base" tolerance on ineligibility with a confidence coefficient of 95%. In effect, it says that if a State in actuality is operating at a 3% ineligibility rate, the Quality Control sample of this State's caseload will produce a rate of ineligibility within the confidence limits of 3% for that size sample 95% of the time. In a sample of 1200 cases, the confidence limit is $\pm 1\%$, which means that there are nineteen chances out of twenty that the Quality Control sample rate would be no greater than 4% or no less than 2%. In Quality Control, we use the midpoint of the confidence limits as representing the "best estimate".

Should a State wish greater precision than Quality Control provides, they are free to increase the sample size to whatever extent they wish and the Federal agency will match the administrative cost involved in producing this greater precision.

F. Do you plan to recommend to the States any action they should take against persons who received assistance ineligibly because of misrepresentation or concealment of facts on the declaration form?

(1) *If so, what?*

(2) *If not, why not?*

Answer. First, as I mentioned previously, we have never required the use of the declaration form in AFDC. States using it are doing so at their own option. If this system is creating problems for the States, they should reevaluate their decision to use the system.

Second, where misrepresentation or concealment of facts is willful, a question of fraud exists. Federal policy is quite specific with respect to action to be taken on these cases, including referral to law enforcement officials for prosecution. The Federal agency requires an annual report from States in this area.

While willful misrepresentation does not exist and the recipient has resources from which recovery can be made, the agency may recover. These provisions exist in the present regulation. We will continue to review these regulations for any improvements that can be made.

Question (4). What type of management do you contemplate for the Regional Offices and the State departments?

A. *Is this to be a "looking over the shoulder" type of management?*

B. *Is there any plan to revert back to the former method of helping the States work out any problems that are unique to the State or region?*

C. *Are the Federal-State programs considered partnerships or, if not, how would you describe the relationship?*

D. *If it is a partnership, how can you justify charging the States for all errors?*

Answer. I believe that the SRS regions should be aware on a day-to-day basis of the important activities going on in the various States, and the attitude of the regions should be one of assistance to the States.

On the matter of errors committed by the States, I believe that the administration is clearly the responsibility of the States and, therefore, they must be accountable for the results.

The management of the Regional Offices should be strong and consistent from region to region in order to assist the various governors in the management of their programs and particularly with any initiatives that they may wish to follow. The question of management of the State departments is one which must be answered by the governors and the States themselves and is an inappropriate concern for the Administrator of SRS.

Question (5). What is your philosophy on the delivery of social services?

A. *What do you consider social services to mean?*

B. *Which type of person would receive the most benefit from services and result in the greatest saving to the funds:*

(1) *The recipient on the rolls—to become self-sustaining;*

(2) *The potential recipient—to keep him off the rolls;*

(3) *The former recipient—to keep him self-sustaining off the rolls?*

C. *For years, certain programs authorized and funded by Congress were administered by the States, and the Federal matching funds were based on the State's population and its rank in the national per capita income file. Why should not service moneys be made available to the States on the same basis?*

Answer. Social services are designed to provide persons who either are dependent upon the public or are in danger thereof with services which will enable them to either find or sustain the mode of self-support. These would be equally applicable to present recipients and potential recipients. As to former recipients, except for a very short period of time, services need only be provided in order to ensure that the former recipient does not become a potential recipient.

The recently enacted statutory ceiling on social service costs of \$2.5 billion is, in fact, a precise limit on the amount each and every State may seek as reimbursements for social service costs, rather than an authorization for each State to seek reimbursements in the aggregate amount of \$2.5 billion. In light of the fact that just four years ago this program was operating at the \$400 million level, this seems to be a very generous program expansion. Under the regulations adopted recently, to be effective July 1, any State which chooses to delegate services to those persons at or near the poverty level can utilize their full share of the \$2.5 billion State ceiling.

Question (6). How do you reconcile the announced policy of turning the administration of programs back to the local agency with the continued surveillance of Health, Education, and Welfare?

Answer. The categorical grant programs administered in SRS are, as far as I know, being administered in accordance with law and those State decisions which require Federal approval and concurrence would be only those required by law and regulation.

Question (7). *With all of your work experience in the State of California and in Federal Government, do you feel you can render impartial decisions to all States?*

Answer. As Administrator of Social and Rehabilitation Service, it is my intent to review and handle decisions relating to all States on an impartial and objective basis. I would not have accepted the position unless I had every confidence that I could operate in that way.

Question (8). *How can you justify to the "public" (the taxpayer) the requirement that States must continue assistance to a case clearly established as ineligible until there has been a 15-day notice, and assistance continued if the ineligible person decides to appeal the discontinuance of the grant?*

Answer. This problem has been presented to us by the States and we have jointly proposed the following changes:

(1) Reduce from 15 to 10 days the advance notice period required when assistance is to be discontinued or reduced.

(2) Exempt seven specific situations from the advance notice requirement. The seven exemptions occur when: A recipient dies; a recipient notifies the agency in writing that he no longer wants assistance or gives information in writing that would affect his eligibility or grant; a recipient has been admitted or committed to an institution and is thus no longer eligible for Federally aided assistance; there is an indication of fraud and the case has been referred to law enforcement officials; the recipient has been accepted for assistance in a new jurisdiction; the assistance check is to be issued to a different member of the family, but no one is eliminated from the payment; or a recipient's whereabouts are unknown and agency mail has been returned.

Question (9). *Since the adult categories are being transferred to the Social Security Administration, when do you plan to terminate quality control reviews of these categories?*

Answer. The revised Federal regulation (45 CFR 204.41) dated April 6, 1978, effectively discontinued Quality Control in the adult programs for all jurisdictions with the exception of Guam, Puerto Rico and the Virgin Islands. These latter States will not be transferring the adult programs to the Social Security Administration.

Question (10). *Since the States will receive very little, if any, financial relief from the provisions of H.R. 1, as interpretations are being given by Health, Education, and Welfare, and the States must supplement the Federal payments, provide medical care to the newly eligible, etc., do you plan to recommend to Congress increased Federal sharing on the costs of the Aid to Families with Dependent Children's program?*

Answer. We would challenge the underlying premise of the question; namely, that the States will receive very little, if any, fiscal relief from those provisions of H.R. 1 concerning the Supplemental Security Income program because they must supplement the Federal payment and provide Medicaid coverage to the newly eligible.

A State is free to supplement the Federal payment or not,* as it sees fit. If a State decides to do so, it can elect to have the Social Security Administration administer the supplement, thus saving the costs of administration. In addition, a State that elects Federal administration of its supplemental payment is protected against the increased costs of a rising caseload by the "hold harmless" provision.

Our interpretation of the Medicaid eligibility provisions aim to allow the States maximum flexibility so that they can effectively control Medicaid costs as caseloads increase. States are being provided with a good deal more latitude than heretofore in extending Medicaid to the aged, blind and disabled. Before, they were required to cover all recipients of cash assistance. Under the policies announced by the Department, when SSI becomes effective they will be able to limit Medicaid coverage by using their January 1972 medical assistance standard, and they will be able to target coverage of persons receiving only State supplemental payments to priority groups as the State defines them. Federal matching will be available if a State wants to cover all of the new SSI recipients, as well as for most persons who receive only State supplementary payments.

In light of the foregoing, we have no plans to recommend increased Federal matching of AFDC program costs.

Question (11). *Under the service regulations, as promulgated by Health, Education, and Welfare, a great many services are not included. Do you plan to*

*The provisions of H.R. 7445 will remove this option.

recommend the same percentage of Federal matching (75 percent) for services such as adoption information and referral, etc.?

(1) If not, what is the rationale for not doing so?

Answer. The revised regulations include those services considered most essential in helping eligible persons to achieve the goals of self-support and self-sufficiency. Those services are matchable at 75%, including information and referral as provided for in Section 221.52(m). The rate for family planning services and WIN support services is 90%, and for emergency assistance in the form of services, 50%. Adoption services are not matchable under AFDC but are included in Child Welfare Services.

Question (12). What plan, if any, does Health, Education, and Welfare have toward making additional funds available to the State Departments of Public Welfare and their local offices, who will continue to be contacted by applicants and recipients, even though the Social Security Administration will be administering the adult categories; inquiries will continue to be made of welfare offices.

Answer. While inquiries may continue to be made of welfare offices by former recipients of public assistance, two-thirds of the aged now receiving welfare payments are also getting cash social security benefits. For those aged newly eligible under the Supplemental Security Income program, an estimated 90% will also be receiving cash social security benefits. And, of course, the aged and, as of this July 1, the blind and disabled are also Medicare beneficiaries. The point is that this population group is accustomed to dealing with the Social Security Administration's field organization and that this familiarity should certainly help to minimize unnecessary contact with local welfare offices after the SSI program becomes operational.

Along these same lines, the Social Security Administration is taking steps to expand its existing field organization in light of the additional workload imposed by SSI. There are already about 1,000 full-time district and branch offices throughout the Country. These offices have representatives who regularly visit thousands of neighboring communities, thus making Social Security personnel even more accessible to the aged, blind and disabled.

Finally, since the provision of social services will remain a State and local responsibility, service-related inquiries and their concomitant administrative costs will continue to be eligible for Federal matching at the 75% rate. We have no plans to extend Federal matching to the administrative costs of general assistance cases.

Question (13). As Administrator of Social and Rehabilitation Service, is it your intent to provide leadership and consultation to the States in administering the long-term care programs (i.e., skilled nursing care and intermediate care) under title XIX, or is it your intent to follow the pattern as set forth in the Federal Register, Volume 38, Number 42, under date of March 5, 1973, (Intermediate Care Facility Services), in which the regulations are spelled out in detail, leaving little or no options to the State in patterning their State plan according to the individual needs of the facilities licensed within the State?

Answer. The intermediate care regulations were promulgated as notice of proposed rule making on March 5, 1973. Since that time, we have had extensive consultation with States with the objective of modifying the regulations in accordance with the legitimate needs and requirements of the States, consistent with the Federal responsibility of providing maximum assurances that the health and safety and basic care of patients was being given reasonable protection.

Senator CURTIS. Thank you.

Mr. Chairman, I have no questions of my own.

The CHAIRMAN. Do you have any questions?

Senator FANNIN. Yes, Mr. Chairman.

Mr. Dwight, I know that you do have considerable experience as an administrator and before that an outstanding record in public services.

I wonder whether you could explain your activities pursuant to being administrator of the Social and Rehabilitation Services.

I do notice you were active in community services, specifically working in various capacities and also as director of the Red Shield Youth Service. Could you explain what the Red Shield Youth Service is?

Mr. DWIGHT. Yes, Senator. Prior to joining the California State government in 1967, I was very active in community affairs in Los Angeles through the Los Angeles Junior Chamber of Commerce and through the Red Shield Youth Center, which is an agency of the Salvation Army. It is a boy's club in one of the more impoverished areas of downtown Los Angeles.

The Red Shield Youth Center is a mechanism to draw people who have interests in young people into direct contact on a fairly frequent basis. It involves not only financing the efforts and the programs of the youth center, but also personally organizing the events which were conducted at the center for the benefit of the community.

The club was not a formal thing. It was basically a physical structure where children could come and participate in some organized activities. There is a swimming pool, gymnasium, and this sort of thing in that area.

Insofar as the junior chamber of commerce was concerned there was a great diversity of youth activities in which I took a personal interest. This included such things as competitive events, sports, awards, banquets, sports awards banquets, field trips and the like.

Most of the activity is carried on through the Los Angeles city school system. One of the more spectacular events was a competitive event called "Punt, Pass, and Kick," which has been sponsored I guess for many years by the Ford Motor Co. I was instrumental in getting that program started in Los Angeles.

Senator FANNIN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Hansen?

Mr. HANSEN. Mr. Dwight, in hearings before this committee during the last several years, I know the chairman has been interested along with other members on the role that incentive and work can play in a program that has the overall objective of trying to get people back into a posture of being independent and self-supporting.

I fully appreciate the fact that yours is perhaps not precisely that situation although I suspect there will be a considerable overlap in your activities, and those of your other colleagues in HEW.

With your experience in California, do you think there is merit in trying to provide job opportunities at the earliest possible time in a rehabilitation program for people?

Mr. DWIGHT. Yes, Senator. My basic belief is that the mix of the desire on the part of the individual for employment and the availability of a job which is suitable to the skills of the individual is the way out of this welfare dilemma.

I suspect that most people who have looked at the issue would readily agree to that hypothesis. There has been the problem, you know, of how to instill desire and what can be done to create the job opportunities.

It seems to me that HEW has a better shot at the question of how to develop the desire for the employment whereas the economy in general has to provide the job opportunities.

In other words, a healthy economy is the solution to that problem. I don't think Government can create jobs over the long term—maybe they can in the short term. But I don't think creation of long-term jobs is a suitable or a permanent solution to the problem.

Senator HANSEN. With respect to that last point, the committee about a year ago, as I recall, worked out a plan that would provide Federal assistance to supplement the incomes of those persons who probably would be unemployed because of their lack of merchandisable skills. The committee had in mind a situation wherein people

who had not held jobs before might go out into the labor market and find employment at below the minimum wage from employers who would be willing to start them out. With a supplement from the Federal Government they could get along and this sort of experience and introduction to the labor force would be a very helpful way to launch people on a course that would hopefully, result in their being self-supporting.

Does this approach have appeal to you?

Mr. DWIGHT. Yes, sir. We would have to be very carefully constructive.

Senator HANSEN. I agree with you and I could say, not completely objectively, that I think it was. I have no further questions, Mr. Chairman.

The CHAIRMAN. Senator Packwood?

Senator PACKWOOD. Mr. Dwight, I have talked with you at length in my office on the part you played in the drafting and issuing of the regulations as they now stand.

I am not going to pursue this any further. If you are confirmed, I want to ask what your position will be in the future on these regulations particularly as to family planning programs, that we talked about.

I want you to explain, in other words for the record, how you envision these regulations and guidelines that we have talked about, working, so that family planning services are indeed available to women, be they single or married, childless or otherwise, for a greater length of time than the 6 months that the regulations set for eligibility.

Mr. DWIGHT. Yes, Senator, I gave the matter considerable more thought after we discussed your concerns, and the concerns of several of your staff, which I explored with them after I left your office. I have concluded, and have received the Secretary's concurrence, that the provisions that we had previously thought could be legally handled in the guidelines should in fact be provided in the regulations. So the regulations will be again amended in order to provide the provision which is consistent with the information that the Secretary provided to the committee in response to its question of Secretary Weinberger. Specifically the amendment will provide that family planning services will be available to women of childbearing age without regard to their family composition and without regard to their marital status as long as they meet the income asset requirement.

That will be promulgated and I am not sure at this point in time, because we have to go through the procedures, whether we can just indicate that—

Senator PACKWOOD. Specifically you would amend the 6-month requirement and the regulations?

Mr. DWIGHT. Yes, so that the confusion could be cleared up.

The problem in my mind was the fact that this was a mandated service and the fact that there are some penalties which apply if the mandated services are not provided. And in order to eliminate any ambiguity, it seemed better to me to approach the thing by putting it in the regulations. Thus there would be no question.

Senator PACKWOOD. I am delighted to hear that.

My next question was going to be on the 1-percent penalty and how we could square the 6-month requirement, where we are going to impose the penalty, but on the other hand make it very difficult to comply.

You have answered that.

That is all I have, Mr. Dwight. I am delighted to hear your position on the regulations and that I hope will satisfy at least the questions of eligibility and the 6-month requirement.

I still have some question about the assets and income requirements but we will talk about that another time. Thank you.

I have no other questions, Mr. Chairman.

The CHAIRMAN. Senator Bennett?

Senator BENNETT. No questions.

Senator MONDALE. You have been in your position as Acting Administrator for how long?

Mr. DWIGHT. I have not been in that position, Senator.

Senator MONDALE. Well, you have not been working at SRS at all?

Mr. DWIGHT. I have been physically spending most of my time at SRS since I was nominated, trying to learn the position.

Senator MONDALE. How long has that been?

Mr. DWIGHT. I believe I was nominated on March 19, or thereabouts. Shortly thereafter, I commenced to spend most, if not all, of my time there, but I have not been designated as the Acting Administrator.

Mr. Rutledge was, until the time he left, and subsequent to that time, Mr. DeGeorge has been the Acting Administrator.

Senator MONDALE. Have consultants been hired by the SRS since you have been there?

Mr. DWIGHT. I am sure they have been.

Senator MONDALE. Have you hired any?

Mr. DWIGHT. Personally?

Senator MONDALE. Have you been involved in the discussions leading up to the hiring?

Mr. DWIGHT. Yes.

Senator MONDALE. Could you give us a list of the consultants, for the record, that have been hired?

Mr. DWIGHT. Do you want them off the top of my head now?

Senator MONDALE. No, just submit them for the record.

Mr. DWIGHT. Okay. Excuse me, Senator, just so I am absolutely clear on what you want; do you want to know the consultants that have been hired?

Senator MONDALE. To work for SRS, yes.

Mr. DWIGHT. At my suggestion or all of the consultants that have been hired? Because there have been others that I have no knowledge of.

Senator MONDALE. Give us a list of the consultants hired by SRS since you have been there.

Mr. DWIGHT. You want a list of all consultants hired since March 19?

Senator MONDALE. Since the time you were nominated, yes.

[The following information was subsequently supplied for the record:]

CONSULTANTS HIRED IN SRS SINCE MARCH 19, 1973, WHOSE APPOINTMENTS ARE CONTINUING

<i>Name</i>	<i>Entered On Duty</i>	<i>Assignment</i>
Judith Boggs.....	June 4, 1973	Policy Control.
Philip Rutledge.....	May 18, 1973	Administrator's Office.
John C. Geidl.....	May 7, 1973	Program Statistical Data Systems.
Gary Bowers.....	Apr. 26, 1973	Do.
Marshall Mandell.....	Apr. 23, 1973	Do.
John E. Surrick.....	Apr. 17, 1973	Public Affairs.
John Findley.....	Apr. 15, 1973	Policy Control.
Donald Thayer.....	Mar. 30, 1973	Do.
Louis B. Hays.....	Mar. 29, 1973	Do.
John Svahn.....	Mar. 19, 1973	Administrator's Office.
James Recer.....	Mar. 19, 1973	Planning and Evaluation.
Richard Wilson.....	Mar. 19, 1973	Research.
Ronald Zumbrun.....	Mar. 19, 1973	Administrator's Office.
Carl Williams.....	Mar. 19, 1973	Do.

Senator BENNETT. Mr. Dwight, we in the Finance Committee—

Mr. DWIGHT. Excuse me?

Senator BENNETT. We in the Finance Committee have had a rather clear demonstration that the people in HEW who write regulations ignore the legislative record. They presume to interpret the law the way they want it interpreted without paying any attention to the legislative record we make.

I am the author of the PSRO amendment and there are other substantive changes in our program of that type in which the regulations come out too frequently apparently without any consideration for the material we put in the report, to indicate what we were intending to do.

Can you tell us that you are prepared to change that situation and in your area see that the legislative record is given adequate weight and the writing of regulations?

Mr. DWIGHT. Yes, sir; unequivocally.

Any regulation that is issued by myself as Administrator if I am confirmed, will take into account the legislative history as an interpretation of what the Congress intended in passing the laws.

Senator BENNETT. The alternative, which is difficult and essentially very bad, is for us to write the law in such detail and with such rigidity, that in effect, we like the regulations.

I think that is bad from our point of view as well as yours.

Mr. DWIGHT. I would totally subscribe to that. As I have said, I am a student of government, and I think I understand the respective responsibilities of the executive and the legislative branches, or at least I used to.

Senator BENNETT. Well, we may be watching to see what happens. That is all, Mr. Chairman.

The CHAIRMAN. Any questions, gentlemen?

Thank you very much. Your biographical sketch has been placed in the appropriate place in the record.

Next we will call Mr. William A. Morrill of Virginia, nominated to be an Assistant Secretary of Health, Education, and Welfare for Planning and Evaluation, vice Laurence E. Lynn, Jr.

Do you have a prepared statement, Mr. Morrill?

NOMINATION OF WILLIAM A. MORRILL, OF VIRGINIA TO BE AN ASSISTANT SECRETARY OF HEALTH, EDUCATION, AND WELFARE FOR PLANNING AND EVALUATION

Mr. MORRILL. No, Senator. I have filed with the committee biographical information and the other required statements, and I would like to answer any questions the committee may have.

The CHAIRMAN. You have discussed with us the possibility of conflict of interest and so far as you know you are not aware of any?

Mr. MORRILL. Yes, that is correct.

The CHAIRMAN. I will insert in the record at this point a résumé of your professional experience, education, community activities, awards, of which I think all speak to your credit.

[The biographical sketch of Mr. Morrill follows:]

BIOGRAPHICAL SKETCH OF WILLIAM A. MORRILL

Professional experience

Assistant Director, Office of Management and Budget, (special responsibilities for natural resources and economic, science and technology programs), May 1972-present.

Deputy County Executive, Fairfax County, Virginia, 1971-1972.

Deputy Director for Programming, National Security Programs Division, Office of Management and Budget, 1969-1971.

Assistant Division Director, Air Force (strategic forces/research and development), National Security Programs Division, Bureau of the Budget, 1967-1969.

Assistant Division Chief, Air Force (strategic forces/research and development), Military Division, Bureau of the Budget, 1965-1967.

Military Division—AEC Unit, Bureau of the Budget, 1962-1965.

Various positions in Directorate of Manpower and Organization, US Air Force, 1958-1962. Last position was Acting Chief, Plans and Policy Branch.

Education

BA—Wesleyan University, 1952; MPA—Syracuse University, 1953.

Community activities

Former chairman and member (appointed) of a sub-state regional planning commission (Northern Virginia Planning District Commission and its predecessor Northern Virginia Regional Planning Commission), 1965-1970.

Active on several official County advisory committees and boards, including one in 1965 which rewrote the form of government subsequently adopted.

Active in a variety of voluntary citizen organizations, community and church groups.

Awards

William A. Jump Memorial Foundation Meritorious Award, 1966; Washington Star Award—Citizen of the Year—Fairfax County, 1970.

Personal

Born: April 23, 1930, Bronxville, New York; married; four children.

The CHAIRMAN. I have no further questions to ask of you. Senator Bennett?

Senator BENNETT. Since we had an opportunity for an informal discussion with Mr. Morrill, I have no further questions.

Senator MONDALE. No questions.

The CHAIRMAN. Any further questions?

Senator PACKWOOD?

Senator PACKWOOD. One question. When you were in my office I think we all agreed reporting and evaluation techniques at the moment are less than adequate and I think you agreed to that statement.

I am anxious to hear what you are specifically thinking of recommending in those two areas for improving the techniques of reporting and evaluation?

Mr. MORRILL. I have not yet formed, Senator, any specific recommendations with respect to how one should improve the evaluation techniques in that particular area.

This is an area in general, not only with respect to the subjects but indeed to the Department's activities as a whole to which I would expect to give substantial attention toward the end of developing more valid and useful evaluations of the programs that the Department is now conducting.

Senator PACKWOOD. I have no further questions.

The CHAIRMAN. I believe that either I or someone else asked you when you met with us on an earlier occasion what your attitude would be toward granting the States the broadest possible latitude to experiment with alternatives which may provide a better answer to our welfare problems. I think you indicated that you favored that?

Mr. MORRILL. Yes, sir.

The CHAIRMAN. Have you had the opportunity to discuss that with the Secretary of HEW or to think about it further and to expand upon your previous answer?

Mr. MORRILL. Not specifically, Senator. At this time there are some experiments I understand, now conducted by the Department in that area.

I think that we would look for other opportunities and as we find them, conduct other meaningful experiments in that area.

The CHAIRMAN. Right.

Well, it seems to me that we are looking for answers, and if someone can show us that he has an answer and that it is working and working very well, his answer could be useful to all of us.

It might potentially be useful to all States, or at least to a number of them, and it may be that the answers are not all going to be the same. It may be that what is a good answer for Louisiana might not be a good answer for New York State.

There just might be that diversity, but I think that we do need a lot more information than we have. Informed people used to say that it is not a matter of who is right but it is a matter of what is right. I think we are really trying to move in that direction.

Thank you very much.

Mr. MORRILL. Thank you.

The CHAIRMAN. Next we will call Mr. Lewis M. Helm of Maryland, nominated to be an Assistant Secretary of Health, Education, and Welfare for Public Affairs, vice Robert O. Beatty resigned.

NOMINATION OF LEWIS M. HELM, OF MARYLAND TO BE AN ASSISTANT SECRETARY OF HEALTH, EDUCATION, AND WELFARE FOR PUBLIC AFFAIRS

Mr. HELM. Thank you.

The CHAIRMAN. Mr. Helm, we are glad to have the statement you provided to us concerning your background, and I think it speaks well for you.

I would like to ask that it be inserted in the record at this point.
[The biographical sketch of Mr. Helm follows:]

BIOGRAPHICAL SKETCH OF LEWIS M. HELM

Executive Assistant Director of Communications, Department of Interior, December 1971 to present.

Deputy Assistant Secretary for Mineral Resources, Department of Interior, September 1969 to December 1971.

Consultant, then Assistant to the Secretary, Department of Interior, February to September 1969.

Information Director, United Citizens For Nixon-Agnew, June to November 1968.

President, Dean & Helm, advertising and public relations agency, Phoenix, Arizona, 1967-68.

Public Relations Director, Curren-Morton Company, Arizona, 1966.

Partner, Helm & Loftus, public relations agency, Washington, D.C., 1963-66.

Public Relations Director, Home Manufacturers Association, Washington, D.C., 1961-63.

Self-employed as Public Relations Counsel, 1958-61.

Press Assistant, U.S. Chamber of Commerce, 1958.

Public Relations Director, Plumbing Fixture Manufacturers Association, Washington, D.C., 1955-58.

Reporter, Washington Times Herald, 1951-54.

Reporter, Wichita (Kansas) Eagle, 1950-51.

Born September 9, 1931, in Riverdale, Maryland. Received an AA degree in Communications from American University in 1957. Active in Army Reserves for 22 years, presently serving as a Major in the Civil Affairs Branch. Wife, Alice, is Deputy Assistant General Counsel for the Department of Commerce. Home address: 1110 Fidler Lane, Silver Spring, Maryland.

The CHAIRMAN. Are you aware of any conflict of interest that might affect you in your present position?

Mr. HELM. No, sir; I am not.

The CHAIRMAN. Have you looked into this matter? So far as your advisors are concerned there are none?

Mr. HELM. Yes, sir. The General Counsel's office of HEW discussed it with me. There are none.

The CHAIRMAN. Any questions, Senator Bennett?

Senator BENNETT. No.

The CHAIRMAN. Senator Mondale?

Senator MONDALE. Thank you, Mr. Chairman.

How long has there been an Assistant Secretary for Public Affairs? Is that what it is called, Assistant Secretary for Public Affairs?

Mr. HELM. Yes, sir; I believe my predecessor was the first Assistant Secretary for Public Affairs and he was in the office roughly 2 years.

Senator MONDALE. It seems a little odd, doesn't it, to have such a high importance attached to public affairs?

Don't you enjoy a higher status in the Department, say than the Director of all the welfare services? Wouldn't you then hold a higher position than say the Commissioner of Social Security and so on?

Mr. HELM. Well there are three Assistant Secretaries for Public Affairs in Government. I am not familiar with the level of their positions but this is unique in the domestic departments.

Senator BENNETT. Who are the other two?

Mr. HELM. The State Department and the Defense Department.

Senator MONDALE. This is a fairly new position. I think it was created recently and it does seem—and I am not arguing with this

nominee about this—but it does seem peculiar that some of these terribly important positions occupy a Federal status which is beneath the Assistant Secretary for Public Affairs.

Senator BENNETT. I am just guessing but since the Department of Health, Education, and Welfare is so great and covers so many areas, I suppose they decided they have to bring their public image to focus in one place rather than have each of the various units, going off about its own public affairs presentations.

Mr. HELM. I might add, sir, there is, as you know, more money spent by the Department of Health, Education, and Welfare than any other department in Government at present. This includes the Department of Defense. I believe what might have been considered when the previous legislation was passed pertaining to this office was that it was of prime importance to make available the information about the myriad of programs HEW has. That conceivably could be the reason for it.

Senator MONDALE. On Friday, March 30, in an edition of Jack Anderson's issue of "Washington's Merry-go-round," as you know you were prominently featured as having prepared what is described as a blistering 8-page speech for top officials of HEW to attack the Congress.

There was some pretty strong stuff there. Did you write that?

Mr. HELM. No, sir.

Senator MONDALE. Who wrote it?

Mr. HELM. The Secretary's speechwriter wrote it. I did circulate the piece to other Presidential appointees. Most speeches are circulated for their information or their possible use.

I did circulate it, but did not write it.

Senator MONDALE. So this article is inaccurate?

Mr. HELM. In that sense, yes, Senator.

Senator MONDALE. It says the suggested speech was written by Lewis Helm, nominee to be Assistant Secretary, but not confirmed.

Mr. HELM. Yes.

Senator MONDALE. Do you know who wrote it?

Mr. HELM. Yes, sir.

Senator MONDALE. Who did?

Mr. HELM. Jack McDonald.

Senator MONDALE. Where is he?

Mr. HELM. He is in the Office of Public Affairs, which is part of the office that I would have if confirmed.

Senator MONDALE. As you know, there is a law which prohibits public funds to be spent for propaganda. Would you consider this kind of function as being proper if you are confirmed; these kinds of speeches attacking the Congress?

Mr. HELM. Sir, on that point I think that our functions would be twofold. One is to make available to the public as much information as possible pertaining to the programs. The other is to advise and assist the Secretary on policy matters as he sees them affecting the Department.

I assume in that matter, if he chose to make those points, I would assist him; yes, sir.

Senator MONDALE. If he called you in and said, I want five speeches, attacking the Congress—such as this speech, you would feel it your duty to write them?

Mr. HELM. I would think it is my duty to do so in this respect also, that is, as has happened with other Cabinet members in the past—

Senator MONDALE. Excuse me, in other words, in confirming you, we might be approving a nominee to office to write speeches for attacking the Congress?

Mr. HELM. Sir, I haven't seen many Cabinet members reluctant to date, in the past or present, to express their opinions as Assistant Secretary, it would be my responsibility to counsel the Secretary on things, but I would also assist him in making his opinions heard; yes, sir.

Senator MONDALE. Well, I am going to withhold judgment on this nominee, Mr. Chairman. I think what he just said he is going to do is against the law.

The CHAIRMAN. Senator Fannin?

Senator FANNIN. Mr. Chairman, I have heard various interpretations of what would be against the law. I was just thinking of some problems we had recently with the Legal Aid Services, where we are using our money to sue ourselves, and so I am not too critical of statements that are made about the activities of the Congress because I feel that sometimes they are very deserving.

I am not advocating we pay somebody to just be in that position. I agree with the Senator from Minnesota on that, but I do know what is happening at various departments, and what is happening from the standpoint of specifically the Legal Aid Services and I am very much opposed to money being utilized for the purpose of bringing suit against ourselves, for example.

I do know, Mr. Helm, I do know of your work in Arizona when you were there and I am impressed with that activity.

I am wondering just what is accomplished by the work that you do? You have stated, "to better inform the public as to the activities of the Department," is that one of the specifics?

Mr. HELM. Yes.

Senator FANNIN. It is to clarify the work of the Department in the various fields of its endeavors. This is perhaps beneficial both from the standpoint of a better understanding of the activities, and also from the standpoint of better utilization of the different departments involved within the Department itself.

Do you see that there are advantages in that regard? In other words, since HEW covers so many different areas of Federal activities, do you feel that your work is to clarify just what is involved in those activities?

Mr. HELM. Yes, sir. I think that is by far the major portion of the activity there at the Department that I would undertake. There are a wide variety of programs and from what I have observed to date, a number of people don't know what services are available to them.

There is a need of really reaching the public with the opportunities that they have, that they deserve. This would entail the majority of the effort that I would make. I believe that the reason for having the position is the size of the Department, the diversity of the programs and the difficulty in reaching many constituents that the Department must reach.

Senator FANNIN. I am concerned that sometimes the right hand doesn't know what the left hand is doing even within the Department of HEW.

Do you feel that your work would be involved in a clarification by the publications issued as opposed to getting the people within the Department to have a better understanding of their functions related to the functions of the other departments?

Mr. HELM. This is one of the major efforts. We find there are a large number of people in various positions who really don't know about the new regulations, for example, that have been promulgated, HEW policies or the legislation. We intend to strengthen the internal communications throughout the Department.

We intend to expand the circulation of some of the major internal publications to keep people informed about what their responsibilities would be and what the programs are.

This involves a very definite shortcoming of HEW and should be improved considerably.

Senator FANNIN. Well, I have had a fair amount of work over the years in this field, and I have been impressed with the activities you have been involved in and I would hope we can do something to increase the efficiency of the Department of HEW and I do wish you well.

Mr. HELM. Thank you, sir.

The CHAIRMAN. Senator Hansen?

Senator HANSEN. I don't believe I have any questions, Mr. Chairman.

Senator PACKWOOD. No questions, Mr. Chairman.

The CHAIRMAN. Thank you very much.

That then will conclude our hearings.

We do not have a quorum to act on these nominations now, so I would like to call a meeting for tomorrow morning. Also, there are a couple of other legislative matters of some significance for us to act upon.

Senator BENNETT. That will be an early meeting, Mr. Chairman?

The CHAIRMAN. At 10 o'clock.

Senator HANSEN. Mr. Chairman, may I observe that we have an executive session to mark up a bill in the Interior Committee. Could we meet earlier?

The CHAIRMAN. How about 9:30? If we can get a quorum, we will meet at 9:30 a.m.

Senator HANSEN. Fine. We will need a quorum both places.

The CHAIRMAN. Next there will be a hearing of one of our subcommittees, at 10. That concludes this morning's session, and we will meet at 9:30 tomorrow to vote on these nominations as well as to consider legislation regarding other matters.

[Whereupon, at 9:30 a.m., the committee recessed to reconvene at 9:30 a.m., Wednesday, June 18, 1978.]



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